

UNITED STATES SENATOR • IOWA

# CHUCK GRASSLEY

RANKING MEMBER • SENATE COMMITTEE ON FINANCE

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For Immediate Release

Wednesday, Dec. 11, 2002

Grassley Praises U.S.-Chile Trade Agreement,  
Played Key Role in Building Access for U.S. Agricultural Exports

WASHINGTON – Sen. Chuck Grassley, incoming chairman of the Committee on Finance, today said the new U.S.-Chile trade agreement will open new markets for U.S. agricultural exports and other products, as well as set a precedent for more open trade with Latin America.

“This is a good development for both countries,” Grassley said. “This agreement gives U.S. farmers and workers unprecedented access to the Chilean market. It also gives Chile the opportunity to continue its economic successes, with open trade at the core. I’m especially pleased with the agricultural market access this agreement will provide for many of Iowa’s top products, including pork, soybeans and corn. Getting a good agreement for U.S. agriculture was a key priority for me. I appreciate Ambassador Zoellick’s continued attention to the needs of our agricultural exporters.”

Grassley was heavily involved with ensuring that U.S. agricultural exporters received fair treatment in the trade agreement, working closely with the U.S. Office of Trade Representative and Chilean officials. He said the Bush administration deserves credit for not only completing this trade agreement, but also for advancing the interests of U.S. agriculture and industry in the agreement.

Grassley said he has to reserve final judgment until he and his staff review the text of the agreement, but the agreement appears solid.

Grassley said the Chilean trade agreement is valuable in itself, but also raises important implications for future trade developments. Grassley said he and others in Congress are interested in other bilateral trade agreements and the region-wide Free Trade Area of the Americas, which is being negotiated. A successful Chilean agreement might serve as a model for these negotiations, Grassley said.

“For too long, our farmers and workers have been sidelined from competing in many of the most promising markets,” Grassley said. “Today’s agreement marks a turning point and helps fulfill the promise made to America’s workers with the passage of Trade Promotion Authority. I hope this is the first of many good trade agreements in the coming months.”

The following is from the U.S. Office of Trade Representative:

***Highlights of the U.S.-Chile Free Trade Agreement***

**Some Key Benefits of the U.S.-Chile Free Trade Agreement  
Levels the Playing Field for U.S. Products and Farm Goods**

- o U.S. companies currently operate at a significant competitive disadvantage in Chile, because competitors such as Canada, Mexico and the European Union all have free-trade agreements with Chile.
- o For example, a U.S.-made Caterpillar 140 Horsepower Motor Grader sold in Chile pays \$13,090 in tariffs. But the same tractor made in Canada pays ZERO tariffs.
- o The National Association of Manufacturers (NAM) estimates that the current lack of a U.S. FTA with Chile costs U.S. exporters \$800 million per year in sales, affecting 10,000 U.S. jobs.
- o NAM estimates that the largest losses of U.S. market share in recent years were in wheat, corn, soybeans, paper, plastics, paints & dyes, fertilizers, heating equipment, and construction equipment.
- o The U.S.-Chile FTA will remedy these competitive disadvantages.

**Economic Growth and Increased Opportunities, Especially for the Poor**

- o A study by the University of Michigan and Tufts University estimates that a U.S.-Chile FTA will expand U.S. GDP by \$4.2 billion, and Chilean GDP by \$700 million.
- o Poverty in Chile was cut in half between 1987 and 2000 as a direct result of Chile's economic reforms and trade liberalization. Persons living in extreme poverty declined from 17.4% in 1987 to 5.7% in 2000. An FTA will contribute to continued economic growth and poverty reduction in Chile. The U.S.-Chile FTA contains more than 800 pages of text and annexes. Talks began in December 2000, and 14 negotiating rounds have been held. In the final round, 230 negotiators from the U.S. and Chile worked nine straight days to reach agreement.

**A State-of-the-Art Trade Agreement:** The U.S. FTA with Chile contains ground-breaking provisions new to any free trade agreement:

- o New anti-corruption rules in government contracting, and commitments to make end-user piracy of copyrighted works a criminal offense.
- o New customs procedures will increase transparency, efficiency and timeliness of customs clearance procedures, while maintaining strong border security.
- o New regulatory transparency commitments will govern the interaction of service regulators with private parties, increasing public access to rulemaking procedures.
- o Unprecedented transparency in the dispute settlement process, including public panel hearings, access to legal submissions, and the right of third parties to submit views.